BUILDING ENTREPRENEURIAL ECONOMIES (BEE)

Program Design and Instruction Manual FY2018

Grant availability announced: January 2017

Applications accepted on CAMS starting: January 3, 2017

Last day applications accepted on CAMS: March 1, 2017

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VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities

Contents

BEE Grant Program Design

The Building Entrepreneurial Economies (BEE) Program is designed to promote entrepreneurial ecosystems in localities throughout Virginia, with an emphasis placed on distressed communities.

Entrepreneurial ecosystem is defined as the strategic alignment of various public and private efforts – including government policies, workforce education, funding, finance, and regulatory frameworks – to provide necessary financial and social capital to foster entrepreneurship in innovative and creative ways.

The goal of the program is to invest in programs that will provide the tools, services and financing to create a healthy environment for business startup and expansion. The program targets entrepreneurs whose businesses are:

- **Small, independent businesses** with limited business experience/expertise that require robust professional guidance and support;
- **Community and place-based businesses** that are tied to local or regional economic restructuring efforts;
- **Located in areas that have faced chronic economic distress** with limited business development, infrastructure and limited markets as well as limited personal resources and access to credit.

Areas of Focus for FY18

DHCD will utilize the Building Entrepreneurial Economies funding for fiscal year 2018 to address one or more of the following areas of focus:

1. Projects that develop an implementable **entrepreneurial strategy** for a community that currently does not have an existing strategy. These projects should lay the groundwork in developing support systems for entrepreneurs in the community. The final developed plan should prepare the community to apply for other DHCD or non-DHCD resources to promote small business development and growth or diversification.

2. Projects that target **underserved communities and regions** for access to business education and capital resources with the outcome of job and/or business creation. These projects should **not** be a continuation of an existing program without initiating new services or extending services into underserved/unserved areas. These projects should also focus on entrepreneurial strategies rather than job placement.

3. Projects that **prepare entrepreneurs** for starting their business (for example: educational curriculum in targeted areas; credit and asset building; development of mentorship networks; entrepreneurial apprenticeship program, etc.) with the outcome of job and/or business creation.

While all projects submitted will be reviewed and scored, DHCD will place higher priority on projects that address the areas of focus above and projects that will serve as a catalyst for additional entrepreneurial development in communities.

Planning Grants

Planning grants allow organizations to assess market demand for services, research innovative means of providing business services and identify resource gaps (financial, staff, network) currently limiting the provision of business development services. Planning grants help develop organizational capacity to provide business development services that support local and regional asset-based economic development strategies. Although there is no particular order for submitting Planning or Implementation Grants, applicants are encouraged to use Planning Grants to help them prepare for the most competitive Implementation Grant. DHCD may offer Planning Grants to applicants whose Implementation Grant project scoring indicates that additional planning is needed to ensure success.

- **Grant size**: Up to $15,000
- **Grant timeline:** Up to 9 months to achieve all proposed outcomes
- **Anticipated grant outcomes**: Well-researched and implementable planning documents that fully describe local or regional business development strategies that will lay the groundwork for small business start-up and expansion, job creation and economic diversity in distressed communities or populations.

Implementation Grants

Project implementation grants are for communities and organizations ready to implement business development strategies that result in business start-up and expansion and job creation. Projects should be catalytic and based on identified market demand, identified resource gaps, and support local and regional asset-based economic development strategies. Innovative approaches and strategies are encouraged.

- **Grant size**: Up to $40,000
- **Grant timeline:** Up to 12 months to achieve all proposed outcomes
- **Anticipated grant outcomes**: Small business start-up or expansion and job creation.

BEE funds **are not available** for continuing operations, program administration, or any other ongoing operational expenses. Funds are not available for predictable organizational expenses for which the organization could have reasonably planned (ex. general marketing materials, website updates, financial management expenses, etc.). Funds may not be simply "passed through" the grantee to third parties. Planning or implementation submissions for training must thoroughly demonstrate how the training will lead to direct business formation/expansion and job creation.

BEE and Other DHCD Programs

DHCD encourages applicants to layer DHCD and non-DHCD resources. BEE applicants should consider how proposals can support the Enterprise Zone or Main Street, the VIDA program, a CDBG project, or other revitalization efforts that may be applicable. Applicants should also consider the linkages between traditional business development strategies and entrepreneurial development programming to better prepare communities for the Community Business Launch, Building Collaborative Communities, and Community Development Block Grant funding.

BEE Grant Application Instruction Manual

Instructions for Application Submission

Please note that applications must be submitted electronically through the Agency's Centralized Application and Management System (CAMS). To access CAMS, visit the website at www.dhcd.virginia.gov and click on the CAMS icon in the upper-right hand corner. We recommend using Chrome when submitting applications via CAMS. Remember to SAVE often.

Submission Requirements

All grant proposals and supporting documentation must be submitted on CAMS by 11:59 PM on *March 1, 2017.* Technical support is available until 4:30 PM should you encounter difficulties. Applicants must submit completed responses to all appropriate questions and include all required attachments. Proposals not submitted accordingly may be disqualified.

Applicants are invited and encouraged to discuss their concepts and ideas with DHCD staff prior to submitting applications in CAMS.

Electronic Data Interchange (EDI)

All grantees will be required to register for the Electronic Data Interchange (EDI) program through the Virginia Department of Accounts (DOA) in advance of submitting any remittances for funding. All grant payments will be disbursed electronically to the bank accounts registered with the EDI program, and hard-copy checks will not be utilized. The applicant's W-9 must also be submitted with the application. It is recommended that applicants apply for EDI at the time of application to avoid any delays in receiving funds.

If your organization is not currently participating in the EDI program, you will need to go to www.doa.virginia.gov , choose the Electronic Data Interchange (EDI) button on the right side of your screen and select, complete, and submit the appropriate Trading Partner Agreement and Enrollment form, using the EDI Guide for Vendors, Localities, Grantees, State Agencies and Non-state Agencies. Completed forms should be returned to the Department of Accounts via email, fax or mail:

US Mail: Department of Accounts, eCommerce Unit, PO Box 1971, Richmond, VA 23218-1971
Email: edi@doa.virginia.gov
Hotline: 804-692-0473
Fax: 804-414-9896

Planning Grant Application Requirements

Required Proposal Elements

In addition to a complete Narrative Section, all grant proposals must include the elements below. Any proposals that do not include the required proposal elements will be deemed non-responsive.

1. Complete Budget (See Appendix C)
2. Mini-Resumes of Key Staff

Grant Eligibility

Non-profit organizations, local governments and regional planning or economic development organizations are eligible to apply for BEE grants.

Grant Payment

Grant funds will be paid upon achievement of agreed upon project milestones. Milestones will be negotiated and included in a Memorandum of Understanding that will be signed by both DHCD and the grantee prior to the start of the project.

Leverage Requirement

Planning grants do not require local leverage; however, any cash or in-kind services provided by the applicant, local government and other local public/private partners will yield a stronger application.

Scoring

Grant proposals will be scored on a 0-100 point scale. Funding is limited and will be awarded for proposals receiving the highest score and continuing down the list until funds are exhausted. DHCD reserves the right not to fund projects that do not score at least 70 points. DHCD also reserves the right to reprogram any un-awarded BEE funding for other DHCD programs that may achieve a similar goal.

Scoring Criteria	%
Project Description	75%
Area of Focus	15%
Budget Description	10%
Total	100%

Narrative Requirements

Project Description (*75 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the planning process or project operations. This is the section where DHCD determines the merit of the project design. Answers should demonstrate the need for the project as well as show the proposal provides a strong approach to addressing the need, as well as provide the reviewer sufficient detail to give a clear understanding of the intended end use of the planning grant. **Strong applications** will use this section to provide a detailed description of how the planning grant will lead to the implementation of the project and what sources of funding will be pursued in the implementation process.

Questions:

1. What is your organization or community's vision for small business development? Describe how the proposed project supports the local or regional community's vision for economic and community development.

2. Describe the existing small business development services available through your organization and in the community for the population targeted for new small business development services.

3. Describe the project for which you are applying for BEE funding. Include the types of services and programs proposed and how they will address an unmet community need. Describe the project scope and intended planning elements.

4. Describe the question(s) are you trying to get answers to as part of the planning grant. How will this initiative tie into other resources and opportunities that are available to the applicant?

Areas of Focus (*15 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of how the proposed planning process or project design will meet one (or more) of the three areas of focus outlined below:

- Projects that develop an implementable **entrepreneurial strategy** for a community that currently does not have an existing strategy. These projects should lay the groundwork in developing support systems for entrepreneurs in the community. The final developed plan should prepare the community to apply for other DHCD or non-DHCD resources.

- Projects that target **underserved communities and regions** for access to business education and capital resources with the outcome of job and/or business creation. These projects should not be a continuation of an existing program without initiating new services or extending services into underserved/unserved areas.

- Projects that **prepare entrepreneurs** for starting their business (for example: educational curriculum in targeted areas; credit and asset building; development of mentorship networks; entrepreneurial apprenticeship program, etc.) with the outcome of job and/or business creation or diversification.

Question:

5. Provide a detailed description as to how the project fits within one or more of the areas of focus identified in the application manual.

Budget (*10 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the project budget. Applicants **must** include in the narrative section a description of each line item in the budget and must accompany the narrative with a completed source and uses budget template (please see Appendix C). **Strong Applications** will demonstrate a clear link between proposed expenses and project outcomes.

Question:

6. Provide a detailed description of your planning budget. Provide a description of each line item in the budget. Include any additional funding that will be provided locally to support the proposed project.

Implementation Grant Application Requirements

Required Proposal Elements

In addition to a complete Narrative Section, all grant proposals must include the elements below. Any proposals that do not include the required proposal elements will be deemed non-responsive.

1. Complete Work Plan (see Appendix A)
2 Complete Outcome matrix (See Appendix B)
3. Complete Budget (See Appendix C)
4. Mini-Resumes of Key Staff

Grant Eligibility

Non-profit organizations, local governments and regional planning or economic development organizations are eligible to apply for BEE grants.

Grant Payment

Grant funds will be paid upon achievement of agreed upon project milestones. Milestones will be negotiated and included in a Memorandum of Understanding that will be signed by both DHCD and the grantee prior to the start of the project. If the grantee is unable to meet the agreed upon milestones, additional funding requests may be denied.

Leverage Requirement

Implementation grant proposals must provide *local matching funds.* For every four dollars of grant funds, there must be at least one dollar of local leverage. In-kind services provided by a local government, consultants and other stakeholders and partners may be included. Time contributed solely to the implementation of the proposed strategy by volunteers may also be included.

At least 25% of proposed local matching funds must be cash. Cash match is defined as funds made available to the grantee to be used specifically for project activities. The grantee must have control over funds and disburse funds. They must be tracked and accounted for in the grantee accounting system.

Example: if the applicant applies for a $40,000 implementation grant, there must be at least $10,000 of local match. Of that match, at least $2,500 must be in the form of cash. The rest of the match can come from the value of in-kind services provided by the applicant or other local partners.

Scoring

Grant proposals will be scored on a 0-100 point scale. Funding is limited and will be awarded for proposals receiving the highest score and continuing down the list until funds are exhausted. DHCD reserves the right not to fund projects that do not score at least 70 points. DHCD also reserves the right to reprogram any un-awarded BEE funding for other DHCD programs that may achieve a similar goal.

Scoring Criteria	%
Project Description	40%
Community Economic Development Vision	20%
Area of Focus	10%
Outcomes	20%
Leverage/Budget Description	10%
Total	100%

Narrative Requirements

Project Description (*40 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the planning process or project operations. This is the section where DHCD determines the merit of the project design. Answers should demonstrate the need for the project as well as show the proposal provides a strong approach to addressing the need, and as such will achieve the stated outcomes. **Strong applications** will use this section to show the strength of the team – staff and external partners – involved to ensure timely project completion and achievement of full outcomes, a clear and complete work plan, and an outreach strategy that attracts enough potential participants to ensure outcomes can be reached.

Questions:

1. Describe the project for which you are applying for BEE funding. Include the types of services and programs proposed and how they will address an unmet community need.

2. Describe the capacity of the organization to implement this project:
   a. Key organizational staff and project responsibilities (*attach as Mini-resumes*)
   b. Describe existing and potential partners and their responsibilities for the proposed project.

3. Describe the project readiness and implementation schedule:
   a. Outline key project activities that will contribute to project outcomes (*attach as Work Plan*)
   b. Describe the outreach and marketing plan to potential participants to ensure a successful program.

4. Describe the sustainability plan or exit strategy once BEE funds are exhausted.
   a. Identify sustainable sources of funding that will be in place once BEE funds are exhausted.
   b. Identify sustainable partnerships that will be in place once the initial grant period terminates.
   c. If the project will not continue past the end of the grant, describe the exit strategy for the organization and reasoning for the project to end.

Community Economic Development Vision (*20 points*)

This section should provide the reviewer with information that demonstrates how the submission aligns with the local or regional economic and community development vision as well as with the applicant's core mission and strategic goals. **Strong applications** will propose a catalytic initiative that clearly advances both the organization's mission and the broader vision for economic and community development, as well as economic diversification.

Questions:

5. Describe your organization's vision for community economic development and how the proposed project supports the local or regional community's vision for economic and community development. Demonstrate this by referring to a Comprehensive Economic Development Strategy (CEDS), regional, local, and/or other strategic economic and community development plans and describe how the proposed project supports the community strategy.

6. What are the long term economic development goals of the community? How does the proposed project meet those goals?

7. Who are the partners in creating an entrepreneurial ecosystem, and how does the proposed project enhance their efforts?

Areas of Focus (*10 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of how the proposed planning process or project design will meet one (or more) of the four areas of focus outlined below:

- Projects that develop an implementable **entrepreneurial strategy** for a community that currently does not have an existing strategy, as well as those that strengthen or expand an existing strategy. These projects should provide a foundation in developing support systems for entrepreneurs in the community.

- Projects that target **underserved populations** for access to business education and capital resources with the outcome of job and/or business creation. These projects should not be a continuation of an existing program without initiating new services or extending services into underserved/unserved areas.

- Projects that **prepare entrepreneurs** for starting their business (for example: educational curriculum in targeted areas; credit and asset building; development of mentorship networks; entrepreneurial apprenticeship program, etc.) with the outcome of job and/or business creation or diversification.

Question:

8. Provide a detailed description of how the project fits within one or more of the areas of focus identified in the application manual.

Output and Outcomes (*20 points*)

Outputs are generally described as deliverables or milestones in a work plan or timeline and can be accomplished during the life of the grant. (What is the BEE grant paying for?)

Outcomes are the measurable impacts or results of the work of the grant, and sometimes occur after the completion of the grant. (What will the result be?)

This section should provide the reviewer sufficient detail to give a clear understanding of the proposed project outcomes. Applicants must submit an outcome matrix along with the narrative section as shown in Appendix B. **Strong applications** will use this section to provide how project activities will lead to the indicated outcomes, how the outcomes address the identified need, and how the target population will be impacted by the outcomes.

Questions:

9. Provide a detailed description of the proposed project's intended outputs.

10. Provide a detailed description of the proposed project's intended outcomes.

Budget and Leverage (*10 points*)

This section should provide the reviewer sufficient detail to give a clear understanding of the project budget. Applicants **must** include in the narrative section a description of each line item in the budget and must accompany the narrative with a completed source and uses budget template (please see Appendix C). Applicants **must** verify the leverage requirement with documentation that confirms the commitment of other resources for the project. **Strong Applications** will demonstrate a clear link between proposed expenses and project outcomes, and proposed leverage that exceeds the required minimum.

Questions:

11. Provide a detailed description of the project budget. Provide a description of each line item in the budget.

12. Provide verification of leverage requirements. As applicable, attach letters of commitment or award, resolutions from local government, documentation of in-kind support and other leverage.

Audit Requirements

All grantees, sub-grantees, CHDOs, sub-recipients, localities, developers, or any other organizations that receive funding during a program year and/or have projects in progress are required to submit financial statements to DHCD. Required statements are as followed: Financial Statement(s)**, Reviewed Financial Statement(s) prepared by an independent Certified Public Accountant (CPA), Financial Statement(s) that have been audited by an independent CPA or an audit required by the Code of Federal Regulations (CFR), (2 CFR 200 Subpart F), audited by an independent CPA. Please see the table below to determine which document your organization is required to submit.

The threshold requirements outlined below are the minimal standards required by DHCD. We strongly encourage all organizations receiving funds from DHCD to undertake the highest level of financial management review to ensure practices and procedures are fully examined and evaluated.

Threshold Requirement	Document
Total annual expenditures ≤$100,000 (Regardless of source)	Financial Statement(s) prepared by organization**
Total annual expenditure between $100,001 and $300,000 (Regardless of source)	Reviewed Financial Statement(s) prepared by an Independent Certified Public Accountant (CPA)
Total annual expenditures > $300,000 (Regardless of source)	Financial Statement(s) that have been audited by an Independent CPA
Federal expenditures ≥$750,000	2 CFR 200 Subpart F Audit – Audited by an Independent CPA

** Does not require preparation by a CPA

Appendix A: Work Plan Template

Goal(s): _____

Project Description: _____ Event date or Project Completion date: _____

Anticipated Results/Measure of Success: _____

Chair/Person Responsible: _____ Phone: _____ E-mail: _____

Project Team Members _____ _____

Tasks	Person Responsible	Start and End Date	Cost	Revenue Generated	Volunteer Hours Needed	Staff Hours Needed	Progress/Completion/Comments

TOTAL: $_____ $_____

Appendix B: Outcomes Template (for Implementation Grants)

Title of Project: _____

Output Measures		
Performance Measure	*Goal/Target*	*Definition*
# of Participants		Participants include persons that participate in the program or offering
# of Borrowers		Borrowers include persons that utilize the a program supported by the BEE grant as loan funding
# of Business Plans completed		A business plan is a written document that describes in detail how a new business is going to achieve its goals
# of Microloans provided		A microloan is a short-term loan for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment (up to $50,000)
Value of Microloans		Total value of the microloans that are anticipated or have been completed
# of Alternative Financing Deals provided		Alternative Financing is from non-traditional lending sources
Value of Alternative Financing Deals		Total value of alternative financing deals anticipated or have been completed
Additional Performance Measures		
Outcome Measures		
# of net new full-time-equivalent jobs		Full-time equivalent equals the number of jobs that equal 40 hours of work per week. New jobs are those that have not been transferred or held previously.
# of existing jobs retained		Retained jobs are those that would have been transferred or laid off, had the financing/improvements not been made.
# of new businesses created		Defined as a new business opportunity to include products or services
# of Businesses expanded		A business that has increased substantially in revenue, job creation or opened an additional location
# of Businesses retained		A business that would have been lost or closed, had the financing/improvements not been made.
Total private investment		Investment from any private source include loan funds
Total public investment		Investment from any public source including local, state or federal

Appendix C: Budget Template

Title of Project:　　　　_____

Project Activity	SOURCE OF FUNDS					TOTAL
	A. BEE	B. _____	C. _____	D. _____	E. _____	
1. Activity 1						
2. Activity 2						
3. Activity 3						
4. Activity 4						
TOTAL						